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Morocco

Citrus

Citrus Annual

1999

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Report Highlights:
Morocco citrus production, at 1.36 MMT this year is not expected to show any significant increase from last year. Thus, no significant change is expected in export and processing.

The major citrus processor in Morocco was able to pay higher prices for oranges last year because of the GOM financial support. This will help again this year to encourage farmers to deliver their fruit for processing.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Rabat [MO1], MO

Morocco's total citrus production, at 1.36 million MT is expected to be at about the same level as last year. The drop in orange production is expected to offset most of the increase in small fruit (Tangerine-like) output. Overall dry weather conditions during the winter and spring and excessive heat during early summer impacted negatively on fruit settings and lead to a lower number of fruit per tree.

The table below provides data on production forecasts for fresh citrus by variety and region (1,000 MT):

Marketing Year:1999 / 2000 (Forecast Production in 1,000 MT)									
	Small Citrus Fruit			Oranges					
Region	Clementine	Nour	Ortanique	Navel	Salutiana	Deep Blood	Maroc-Late	Others	**Total/ Region**
Oriental	110	3	1	65	.	0	8	.	**187**
Gharb	19	4	7	50	4	67	162	.	**312**
Tadla	12	.	3	32	4	12	60	.	**122**
Haouz	4	.	4	13	1	1	20	.	**43**
Souss	210	38	29	85	37	15	250	30	**694**
Total	**355**	**44**	**44**	**245**	**45**	**95**	**500**	**30**	**1,358**

Marketing Year:1998/99 (Revised Production Figures in 1,000 MT)									
	Small Citrus Fruit			Oranges					
Region	Clementine	Nour	Ortanique	Navel	Salutiana	Deep Blood	Maroc-Late	Others	**Total / Region**
Oriental	110	2	1	60	.	0	6	.	**179**
Gharb	16	2	8	55	4	63	150	.	**298**
Tadla	11	.	3	35	4	10	45	.	**108**
Haouz	3	.	3	16	2	1	24	.	**49**
Souss	185	28	28	85	37	22	280	35	**700**
Total	**325**	**32**	**42**	**251**	**47**	**97**	**505**	**35**	**1,334**

Forecast Increase in production: 2000 compared to 1999 (percent)									
	Small Citrus Fruit			Oranges					
Region	Clementine	Nour	Ortanique	Navel	Salutiana	Deep Blood	Maroc-Late	Others	**Total/ Region**
Oriental	.	66.7	20.0	8.3	na	.	33.3	na	**4.6**
Gharb	18.8	59.1	-8.0	-9.1	-15.9	6.3	8.0	na	**4.7**
Tadla	9.1	na	10.0	-8.6	-12.5	13.7	33.3	na	**13.1**
Haouz	33.3	na	44.0	-18.8	-27.8	-28.6	-16.7	na	**-11.9**
Souss	13.5	35.7	3.6	.	-1.4	-32.8	-10.7	-14.2	**0.0**
Total	**9.2**	**38.8**	**4.8**	**-2.4**	**-4.7**	**-2.1**	**-1.0**	**-14.2**	**+1.8**

Source: SASMA

Notes:1) Figures may not add to total because of rounding. 2) Souss: Vicinity of Agadir, Oriental: Vicinity of Berkane & Oujda, Gharb: vicinity of Kenitra, Tadla: Vicinity of Beni Mellal, Haouz: vicinity of Marrakech. 3) Clementine, Nour, and Ortanique are similar to tangerines.

The table below provides a production and export calendar for major citrus fruit available in Morocco:

	Beginning of Season	End of Season
Small Citrus Fruit		
- Clementine	End of September	End of January
- Hameline	Mid-November	Mid-February
Oranges		
- Navels	November	Mid April
- Maroc-Late	March	Mid-July
- Sanguine (Deep Blood)	Mid-December	End of March
- Salutiana	Mid-December	End of April

Source: AgAtt

Processed Citrus

This year, the largest citrus processor, FRUMAT, is expected to process a total of 100,000 MT of oranges and about 1,000 MT of small citrus fruit (tangerine-like). Thanks to the GOM support, FRUMAT was able to pay higher prices to orange producers and process a large quantity of fruit in spite of the relatively small crop last year (see policy Section).

The table below provides data on citrus processing (Metric Tons):

Marketing Year	MY 95 95/96	MY 96 96/97	MY 97 97/98	MY 98 98/99 (Revised)	MY 99/00 (forecast)
ORANGES	**81,700**	**6,127**	**118,000**	**85,420**	**100,000**
Maroc Late	60,632	5,124	95,000	65,375	80,000
Navels	4,949	19	3,000	715	1,000
Other Oranges	16,119	984	20,000	19,330	19,000
CLEMENTINES	**14,492**	**.**	**10,000**	**1,935**	**1,000**
Total Received:	**96,192**	**6,127**	**128,000**	**87,355**	**101,000**

Source: FRUMAT

Maintaining a regular supply of citrus fruit remains the major problem facing FRUMAT. The yearly fluctuation of the local citrus production combined with the lack of adequate contractual arrangement with local farmers to regularly supply fruit, make it difficult for FRUMAT to carry any medium or long-term development program.

Thanks to the GOM support for the citrus processor (see policy section), FRUMAT, has been able to pay higher prices for the fruit and convince more farmers to deliver their citrus to processing mills. The situation is likely to continue as long as the funds granted by the GOM have not been fully used. Although currently there is no evidence that these funds will be increased in the near future, a short citrus crop or a high demand in the export market could threaten FRUMAT's weak financial situation and provide the Producer's Association with a good reason to lobby the GOM for another donation. FRUMAT has played a critical role in absorbing excess of fruit during bumper years.

The table below provides data on prices paid to producers by FRUMAT (delivered at the mill, $/MT):

	1995/96	1996/97	1997/98	1998/99
Exchange Rate (Dirhams/$US)	8.5128	8.6483	9.4334	9.6589
ORANGES				
- Maroc-Late	35.24	23.13	34.98	91.00
- Navels	29.37	23.13	28.73	29.82
- Early Varieties	29.37	23.13	40.60	91.00
- Clementine	22.91	23.13	23.96	29.82

Source: FRUMAT

Consumption

Exports absorb the highest quality fruit because it usually provides a higher return to producers than selling it in the local market. Processing is the least desirable outlet as it provides the lowest return to producers.

When in season, citrus fruit are readily available to consumers and most people can afford them. Lower quality citrus fruits for juice making are also readily available in the fresh market at appealing prices which discourage many end-users from buying industry made juice and thus impact on FRUMAT sales.

In spite of the large potential of the local citrus juice market, FRUMAT has failed to boost the local demand. The lack of clear marketing strategy combined with a weak financial situation continue to dampen FRUMAT potential sales in the local market.

The table below provides data on FRUMAT sales to the local market. Sales of FRUMAT to consumers have been converted to a concentrate (65 brix) basis (Metric Tons):

Marketing Year (October-September)	**95/96**	**96/97**	**97/98**	**98/99**	**99/90**
					(Forecast)*
Total Local Sales	**2,195.1**	**1,283.8**	**536.9**	**1,215.7**	**1,508.4**
To Industrials	1,820.0	1,023.0	289.0	927.0	1,200.0
To Consumers (converted to 65 Brix)	375.1	260.8	247.9	288.7	308.4
or in as is basis					

+ Single Strength (11 Brix)	830.0	590.0	543.0	673.0	600.0
+ Other Drinks (35% juice)	3,970.0	2,724.0	2,640.0	2,958.0	3,500.0

Source: FRUMAT, (*)AgAtt's Forecast

The total domestic consumption figures in the PS&D include figures from the table above but also the quantities of concentrate imported since importers are not believed to hold large stocks. The largest consumer of citrus concentrate in Morocco is the soft drink industry which consumes about 1,300 MT per year. Sales in the local market are mostly single strength juice and diluted (35% juice) citrus juice.

Trade

Fresh citrus exports during 99/2000 are expected to be only slightly lower than last year reflecting similar crop size during both years. The anticipated drop in orange exports is expected to more than offset the increase in small fruit (tangerine-like) exports.

Morocco's Citrus Exports by Type (Metric Tons)					
Marketing Year (Oct-Sept)	95/96	96/97	97/98	98/99	99/00
				(10 months)	SASMA
					Forecast
Oranges	378,688	314,992	390,891	390,858	335,000
Small Citrus Fruit (Tangerine Like)	186,560	203,566	173,842	233,323	245,000
Lemon	465	83	928	133	150
Grape Fruit	329	28	25	47	50
Other Citrus	684	25	9	59	100
Official Trade Data (used in PS&D when complete)	**566,727**	**518,694**	**565,696**	**624,420**	na
EACCE Export Data (used as first estimates)	625,224	513,890	610,042	583,062	**580,300**
Differential	(58,497)	4,804	(44,346)	41,358	

Note: There has been some discrepancy in the past between the Official Trade Data (Office des Changes) and the EACCE (Quality Control Office) trade data. The EACCE export data are often used by AgAtt as early estimates of exports. Also, first export forecast figures are released by SASMA which is a private service company financed by the Association of citrus producers. Ultimately, when the official trade data (from Office des Changes) became available, AgAtt uses them in the PS&D.

Morocco's citrus exports continue to be overwhelmingly directed to the E.U. market. Proximity to the EU, high prices in the E.U. market, and more importantly the preferential duties to which Moroccan citrus are subjected to when entering the EU will continue to make E.U. market appealing to Moroccan fresh citrus exporters. The Eastern European market, especially Russian, has been traditionally importing lower quality citrus fruit that are less suitable for the E.U. market. The drop in exports of citrus to Russia because of the Russian crisis, has been offset by larger exports to Canada, Poland, and the US.

Processed Citrus

Morocco continues to import about $1.5 million of frozen citrus juice concentrate each year to fulfill the demand of the soft drink industry in spite of the large stocks believed to be held by the local processor, FRUMAT. Reportedly, FRUMAT has failed to provide price competitive citrus concentrate and unless world prices go up significantly imports are likely to continue next year.

Free Trade Zone with EU

The free trade zone agreement signed with the EU on February 26, 96 and ratified by all EU members has not been implemented yet. Currently export conditions to the EU are similar to those of last 4 years. In the agreement, the EU grants Morocco with three major preferential accesses as far as citrus are concerned:

1) Quotas for Clementine and Oranges under which the fruit enter the EU duty free.
- Clementine: a quota of 123,200 MT expected to increase to 150,000 when the Agreement is fully implemented.
- Oranges: a quota of 296,000 MT expected to increase to 340,000 MT when the agreement is fully implemented

2) A reduction in the EU Minimum Entry Price (MEP) for a quota of Moroccan citrus during specific period. When the imported commodity enter the EU at a price under the MEP, it becomes subject to prohibitive tariff equivalent duties which basically stop imports.

The table below provides data current and future quotas granted by the EU to Morocco:

	Entry Price (Euro)	Contingent (Metric Tons)	Period during which MEP is effective
Clementines	48.70	110,000	Nov. 1, 99 to Feb 28, 2000
Oranges	26.60	300,000	Dec. 1, 99 to May 31, 2000

3) Processed citrus: Currently, Morocco can export duty free up to 16,800 MT of orange juice to the EU (excluding France). In addition, Morocco has also a duty free access to the French market for a total of 18,000 MT. When the new free trade zone agreement is implemented, Morocco is expected to be granted a total of 33,607 MT for the whole EU (including France). While the duty free access is crucial to the Moroccan citrus processing industry, the agreement should not have a major impact since the processor will be limited by the low quantity of fruit made at its disposal for processing.

Trade Matrix

Moroccan Fresh Oranges Exports by Destination				
	10/97-9/98		10/98-7/99 (10 months)	
	MT	$1,000	MT	$1,000
Exchange Rate (dirhams/$US)	9.6589			
EU Countries	**241,027**	**88,539**	**237,283**	**83,164**
- France	80,883	29,315	89,631	32,842
- Germany	39,470	16,113	36,546	13,217
- Netherlands	29,348	9,690	37,833	12,458
- Great Britain	38,105	14,116	37,807	12,447
- Belgium	27,779	10,072	13,788	4,418
- Finland	9,547	3,828	8,929	3,456
- Sweden	11,591	4,318	9,928	3,455
- Other EU	4304	1088	2819	871
Russia	120,812	42,297	98,223	33,386
Canada	2,055	808	16,496	5,748
Lithuania	18,041	6,157	12,021	4,033
Saudi Arabia	2,005	1,327	4,221	2,792
Poland			6,309	2,034
U.S.A			5,235	1,953
Other Destinations	6,951	2,684	11,071	4,071
Total Exports of Oranges	**390,891**	**141,812**	**390,858**	**137,180**
Source: Official Moroccan Trade Data (Office des Changes)				

Moroccan Fresh Small Citrus Fruit Export (Tangerine Like)				
	10/97-9/98		10/98-7/99 (10 months)	
	MT	$1,000	MT	$1,000
Exchange Rate (dirhams/$US)	9.6589			
EU Countries	**102,029**	**61,369**	**134,142**	**83,325**
- France	44,738	27,629	57,112	37,803
- Netherlands	6,912	3,755	27,419	16,072
- Germany	21,928	12,902	18,932	11,122
- Great Britain	7,574	4,549	14,769	8,779
- Sweden	11,446	7,103	10,449	6,281
- Finland	5,132	2,973	4,834	2,797
- Other EU	4,299	2,458	626	472
Canada	14,664	8,797	36,442	21,770
Russia	27,701	16,248	27,075	15,309

Poland	6,656	3,978	11,856	7,140
Lithuania	4,199	2,060	10,597	5,949
Saudi Arabia	5,537	4,029	6,255	4,728
Norway	12,264	7,566	5,623	3,147
U.S.A	524	330	478	306
Others	267	117	854	444
Total Small Citrus Fruit	**173,842**	**104,496**	**233,323**	**142,117**
Source: Official Moroccan Trade Data (Office des Changes)				

Policy

The GOM adopted two decisions relative to citrus production and processing. Both decisions were published in the official bulletin and are being implemented:

1) A ministerial decree (#2-98-366, Official Bulletin 4658 of 1/21/99) by which the GOM provides a bonus to the citrus processor. The exact bonus (dirhams per metric ton of citrus delivered for processing) is still to be determined by a joint decision from several ministries. However, sources indicated that the GOM will allocate 30 million dirhams ($3.2 million) for this purpose. The producer's association (also shareholders of FRUMAT) committed to match funds in order to allow FRUMAT to become reestablished. FRUMAT, has been playing a key role in absorbing the excess of production and avoiding falls in local fresh citrus prices.

2) A Ministerial decree (2-98-365, Official Bulletin 4658 of 1/21/99) by which an bonus is made available to farmers willing to establish new citrus orchards and acquire new water-saving irrigation equipments. The purpose of this decree is to encourage the establishment of new citrus. Thus, a fixed bonus of 7,800 dirhams/hectare ($807/ha) is given to farmers when they commit to establish new citrus orchards using certified citrus seedlings.

Marketing

Citrus Marketing is done entirely by the private sector and the GOM's role consists basically of quality control in exports done by the EACCE Office. AFB (Atlas Fruit Board) was created by a group of 10 large producers and exporters of citrus after the abolition of the Export Monopoly (OCE) over ten years ago. It has been since then responsible for managing the logistics of exports of citrus and vegetables and also responsible for supplying fruit to the contract markets (Canada, Middle East countries, Scandinavian Countries, and Russia).

Over the last four years, four members of the AFB decided to form their own exporting group, Fresh Fruit Trade. An understanding was reached between all large exporting groups to maintain the AFB role in managing the logistics, but exports and promotion in contract countries are expected to be done by each group separately.

Regarding the local market, there are virtually no consistent market development activities undertaken in Morocco and to our knowledge none is planned for the near future.

PSD Table						
Country:	Morocco					
Commodity:	Oranges					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	48	48	48	49	0	49
Area Harvested	47	47	47	48	0	48
Bearing Trees	15700	15700	15700	15900	0	15900
Non-Bearing Trees	150	150	150	200	0	200
TOTAL No. Of Trees	15850	15850	15850	16100	0	16100
Production	1131	1131	810	900	0	885
Imports	0	0	0	0	0	0
TOTAL SUPPLY	1131	1131	810	900	0	885
Exports	405	391	330	391	0	335
Fresh Dom. Consumption	608	622	397	424	0	450
Processing	118	118	83	85	0	100
TOTAL DISTRIBUTION	1131	1131	810	900	0	885

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	MY97 and MY98 (10months)		
Exports for	1997		1998
U.S.	0	U.S.	5235
Others		Others	
Russia	120812		98223
France	80883		89631
Germany	39470		36546
Great Britain	38105		37807
Belgium	27779		13788
Netherlands	29348		37833
Lithuania	18041		12021
Canada	2055		16496
Finland	9547		8929
Poland	0		6309
Total for Others	366040		357583
Others not listed	24851		28040
Grand Total	390891		390858

PSD Table						
Country:	Morocco					
Commodity:	Fresh Tangerines					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	21	21	21	21	0	21
Area Harvested	20	20	20	20	0	20
Bearing Trees	6700	6700	6700	6700	0	6700
Non-Bearing Trees	150	150	150	150	0	150
TOTAL No. Of Trees	6850	6850	6850	6850	0	6850
Production	430	430	390	399	0	443
Imports	0	0	0	0	0	0
TOTAL SUPPLY	430	430	390	399	0	443
Exports	205	174	200	233	0	245
Fresh Dom. Consumption	215	246	183	159	0	197
Processing	10	10	7	7	0	1
TOTAL DISTRIBUTION	430	430	390	399	0	443

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	MY97 / MY 98 (9months)		
Exports for	1997		1998
U.S.	524	U.S.	478
Others		Others	
France	44738		57112
Canada	14664		36442
Russia	27701		27075
Germany	21928		18932
Great Britain	7574		14769
Poland	6656		11856
Lithuania	4199		10597
Saudi Arabia	5537		6255
Norway	12264		5623
Finland	5132		4834
Total for Others	150393		193495
Others not listed	22925		39350
Grand Total	173842		233323

PSD Table						
Country:	Morocco					
Commodity:	Fresh Citrus,Other					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	5	5	5	5	0	5
Area Harvested	5	5	5	5	0	5
Bearing Trees	1200	1200	1200	1200	0	1200
Non-Bearing Trees	15	15	15	15	0	15
TOTAL No. Of Trees	1215	1215	1215	1215	0	1215
Production	10	10	15	15	0	10
Imports	0	0	0	0	0	0
TOTAL SUPPLY	10	10	15	15	0	10
Exports	0	0	5	0	0	0
Fresh Dom. Consumption	10	10	10	15	0	10
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	10	10	15	15	0	10

PSD Table						
Country:	Morocco					
Commodity:	Fresh Lemons					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Bearing Trees	280	280	280	280	0	280
Non-Bearing Trees	10	10	10	10	0	10
TOTAL No. Of Trees	290	290	290	290	0	290
Production	20	20	20	20	0	20
Imports	0	0	0	0	0	0
TOTAL SUPPLY	20	20	20	20	0	20
Exports	0	1	0	0	0	0
Fresh Dom. Consumption	20	19	20	20	0	20
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	20	20	20	20	0	20

PSD Table						
Country:				65	Degrees Brix	
Commodity:						
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	118	118	83	85	0	100
Beginning Stocks	3232	3232	10395	4788	11205	5097
Production	12700	10897	9500	9500	0	10400
Imports	1000	1400	600	825	0	500
TOTAL SUPPLY	16932	15529	20495	15113	11205	15997
Exports	6000	8804	8000	8200	0	7500
Domestic Consumption	537	1937	1290	1816	0	2100
Ending Stocks	10395	4788	11205	5097	11205	6397
TOTAL DISTRIBUTION	16932	15529	20495	15113	11205	15997